

MINUTES

Highway Expansion and Extension Loan Program Advisory Committee Meeting September 4, 2001

Committee Members Present:

Bill Beyer
Paul Schwartz

Cliff Potts, telephonic

Members Absent:

Jeff Martin
Gary Magrino

Tami Ryall

Others Present:

John McGee ADOT
Chief Financial Officer
Anna-Marie Perry, ADOT
John Carr, ADOT
Brad Steen, ADOT

Kathleen Morley, ADOT
Tax & Resource Administrator
Steve Schaefer, ADOT
Vicki Tsutsumida, FHWA

Call to Order

Mr. McGee called the meeting to order at 1:40 p.m.

Adoption of minutes June 5, 2001 meeting and August 7, 2001 Study Session

Mr. McGee called for a motion to approve the minutes of the June 5 meeting and the August 7 Study Session. A motion to approve the minutes as written was made by Mr. Schwartz and seconded by Mr. Potts. The motion carried unanimously.

Cash Flow

Ms. Morley explained that the monthly cash status and loan status reports would not be reviewed, but were included in the meeting packets. Ms. Morley asked Mr. Schaefer to give an update of future meetings and possible loan applications.

Mr. Schaefer reminded the Committee that the meeting schedule included a possible October 9 teleconference. He advised the members that the teleconference meeting would most likely take place. Applications from Pima County and the Town of Mammoth had been received, and one from Camp Verde was expected. The regular October meeting scheduled for October 26 would coincide with the League of Cities and Towns.

Mr. Schwartz advised the other Committee Members he would not be able to attend the October 9 meeting.

Ms. Morley explained that the cash flow was being presented on an annual basis without monthly detail. She stated that the report would take the same form and become part of the regular staff reports if the Committee approved. The Committee was reminded that cash flow would be a tool for prioritization and distribution of loans in future years.

Interest Payment Guidelines

At the request of Mr. Martin, staff researched and was prepared to present background information on the interest payment guidelines. Mr. McGee recommended that this item be postponed until Mr. Martin could be present.

Timing of Disbursements

Ms. Morley stated that an outcome of the August study session was that staff would present two issues for action. The first issue addresses timing of loan disbursements and the second addresses non-performance by the borrower. She told the Committee that the recommendation for loan disbursements was that loan proceeds not be distributed prior to the bid date, and that distribution of loan proceeds for loans that included design and right of way be determined on a case-by-case basis. She told the Committee that Section VII of the loan repayment agreement addressed non-performance and contained detailed language as to the protocol staff would be required to follow in the event of non-performance. The recommendation was to include the following statement in the application: "The Board reserves the right to recall the loan for non-performance pursuant to Section VII of the loan agreement."

A motion that criteria for distribution or recall of loan proceeds as discussed at the August 7 study session and as contained in the agenda be adopted, and that the recommended language be included as appropriate in the application and loan repayment agreement was made by Mr. Beyer and seconded by Mr. Schwartz. The motion passed unanimously.

Loan Selection / Evaluation Criteria

Ms. Morley told the Committee that Brad Steen, a member of the Technical Committee, was in attendance to answer questions on how applications are evaluated and scored. She reviewed the current and statutory evaluation criteria. She stated that a comparison of current evaluation criteria and statutory criteria was included in their packets. The Committee was reminded that the current evaluation process does not take availability of assistance for projects located in smaller cities and towns and rural areas into consideration.

Ms. Morley told the members that a second option for scoring was being distributed. She stated that Kurt Freund, a member of the Technical Committee, submitted the option after the meeting packets had been mailed. She explained that the most recent Technical Committee meeting was the first Kurt had attended.

Ms. Morley stated that one option for scoring applications would be to use a weighted average, and that an example was included in their packets. She explained that the example application received a score of 109 points. In the example, a weight was applied to each scoring category and a separate preference for financial participation was added. Mr. McGee asked if the weight would be the same for all applications or would the Technical Committee be able to change the weight. Ms. Morley responded that for discussion, it was envisioned the weight would remain the same.

Ms. Perry told the Committee that, at their direction, the issue of how applications are scored was brought to the Technical Committee for discussion. She explained that the main topics of

discussion were how to apply the 20% preference and what financial participation meant. There appeared to be major differences among members of the Technical Committee as to what financial participation meant. She stated that some members of Technical Committee felt that there was a need to change the scoring process while others did not.

Mr. Beyer asked if there was dissatisfaction about the scoring process among members of the Technical Committee. Mr. Steen responded that the Technical Committee enjoyed what they were doing. He said that the process is supposed to be objective, but up to this time there has not been any direction for scoring. Mr. Beyer asked if out of their discussion there was consensus that this option represents a better set of guidelines than they have had previously. Mr. Steen responded yes, but that there still needed to be some direction or guideline or range of points for what financial participation meant. Ms. Morley stated that financial participation is currently included as part of the score not as a preference.

Mr. Beyer asked if staff was prepared to present a recommendation for the Committee to act on. Mr. McGee recommended that staff develop specific options for guidelines for consideration by the Committee at the October 26 meeting.

I-10 / I-19 Interchange Reconstruction Application

Ms. Perry told the Committee that the application was revised to increase the loan amount by \$2,500,000 after the packets were mailed. The loan amount now being requested was \$62,500,000. Ms. Perry reviewed the application for an ADOT-sponsored loan to reconstruct the I-10 / I-19 Interchange in Tucson. She told the Committee that the project was originally two phases, currently one project, and the loan would advance phase I by 12 months and phase II by 24 months. The anticipated project start date is early 2002. Mr. Beyer requested a map be included with all applications sent to the Committee. Mr. Beyer asked if the Pygmy Owl issue in Tucson would impact the project. Mr. Carr advised the Committee that the project has been cleared environmentally, including the Pygmy Owl.

Mr. McGee entertained a motion to approve recommendation of the application. A motion was made by Mr. Beyer to recommend approval of the application and seconded by Mr. Schwartz. The motion passed unanimously.

Glassford Hill Design and Right of Way Application

Ms. Perry reviewed the application for an ADOT-sponsored loan for design and right of way for a new interchange and widening of SR89A and SR69 north of Prescott Valley. She told the Committee that the design portion of the application was for additional funding, and that the initial design funds were included in the Statewide 2000 loan. The Committee was told that ADOT was prepared to submit a \$40,000,000 application for construction of the project. Mr. McGee told the Committee that this project is part of a major project in the Prescott area and was a joint project with Yavapai County.

Mr. McGee entertained a motion to approve recommendation of the application. A motion was made by Mr. Potts to recommend approval of the application and seconded by Mr. Beyer. The motion passed unanimously.

MAG Freeway System Application

Ms. Perry reviewed the application for an ADOT-sponsored loan for \$50,000,000 for projects on the MAG Freeway System. Mr. McGee told the Committee the loan would be used to support any project (design, right of way or construction) to support completion of the MAG Freeway system by 2007. The Committee was told that the application was written to be more flexible than the \$100,000,000 right of way loan, and that the loan would be used similar to a HURF or RARF bond issue where proceeds can be used on any approved project and phase of the project. Repayment would begin sometime after completion of the freeway system in 2007.

Mr. McGee entertained a motion to approve recommendation of the application. A motion was made by Mr. Beyer to recommend approval of the application and seconded by Mr. Potts. The motion passed unanimously.

New Business

Mr. McGee informed the Committee that Ms. Morley had accepted a position at Motor Vehicle Division and that this would be her last meeting.

Call to the Public

Mr. McGee called for comments from the public.

Meeting adjourned at 2:45 p.m.